

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 OMB-01 AGRE-00 IGA-02 SS-15 L-03
/072 R

DRAFTED BY NEA/PAB:DBARCHARD:DE

APPROVED BY NEA:ALATHERTON, JR.

EB/FFD:CRCAVANAUGH

AID/FFP:AMERCKER

OMB:RGREENSTEIN

AGR:HKELLER

AID/BIS:JCOE

NEA:PWLANDE

-----160009Z 098445 /75

P 152156Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY DACCA PRIORITY

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E.O. 11652:GDS

TAGS:EAID, EAGR, BG, US

SUBJECT:BDG REQUEST FOR ADDITIONAL PL 480 COMMODITIES

1. BANGLADESH AMBASSADOR SIDDIQI CALLED ON ASSISTANT
SECRETARY ATHERTON APRIL 13 TO DISCUSS BANGLADESH FOOD
SITUATION. SIDDIQI DESCRIBED SITUATION AS ONE OF QUOTE
SOME DESPERATION UNQUOTE AS INCREASE IN RICE PRICES HAS
CAUSED QUOTE COMPLETE PANIC UNQUOTE IN THE BDG. GENERAL ZIA
IS PERSONALLY TAKING A HAND IN THE SITUATION AND HAS TELE-
PHONED SIDDIQI, AS HAVE AIR MARSHALL MAHODD AND COMMERCE
ADVISOR RAHMAN, TO TRY TO ASPEED UP AND INCREASE FOOD
ACQUISITION IN U.S. SIDDIQI DELIVERED AIDE MEMOIRE WHICH
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REQUESTS ADDITIONAL 300,000 TONS FOODGRAINS AND 40,000 ;ONS
VEGOIL UNDER TITLE I AND AN ADDITIONAL 100,000 TONS UNDER
TITLE II (SEE SEPTEL).

2. IN RESPONSE TO ATHERTON QUERY REGARDING NORMAL PRICE IN-
CREASES DURING THIS SEASON, SIDDIQI SAID THIS YEAR'S IN-
CREASE IS GREATER THAN NORMAL, THUS GIVING RISE TO FEARS

THAT HOARDING MAY BEGIN. SIDDIQI STRESSED THE PSYCHOLOGICAL ASPECTS OF THE CURRENT FOOD SITUATION AND THE NEED TO KEEP PRICES FROM SOARING. GENERAL ZIA, HE SAID, IS PRESSING HARD TO GET AN ANNOUNCEMENT OF AN ADDITIONAL U.S. ALLOCATION SO AS TO HOLD PRICES DOWN.

3. ATHERTON POINTED OUT THAT OF AMOUNT AGREED UPON APRIL 1, 50,000 SHOULD ARRIVE IN JUNE AND 50,000 IN JULY. THE REMAINING 100,000, WE HOPE, WILL BE READY FOR TENDER WITHIN A FEW DAYS. WE ARE SYMPATHETIC WITH THE NEED FOR AN ADDITIONAL ALLOCATION TO BE HANDLED ON A PRIORITY BASIS AND ARE REASONABLY HOPEFUL OF PROVIDING A SIGNIFICANT AMOUNT ALTHOUGH IT WILL PROBABLY NOT BE AS MUCH AS HAS BEEN REQUESTED. BEFORE WE ACT ON THE REQUEST, WE WANT TO RECONCILE CONFLICTING DATA WHICH WE HAVE RECEIVED. IN THIS REGARD, IT IS IMPORTANT THAT THE BDG CHANNEL ALL REQUESTS FOR US ASSISTANCE THROUGH EMBASSY DACCA AS UNCOORDINATED REQUESTS HAVE OFTEN CAUSED CONFUSION AND SLOW HANDLING OF REQUESTS. WE ARE CONCERNED THAT WE HAVE NO REPETITION OF LAST YEAR'S SITUATION WHEN SPOILAGE OF STORED GRAIN ENGENDERED MUCH ADVERSE CRITICISM IN THE UNITED STATES.

4. ATHERTON SAID WE HOPE TO BE ABLE TO GO AHEAD WITH ADDITIONAL ALLOCATION WITHIN TWO OR THREE WEEKS. WE ALREADY HAVE OUR EMBASSY'S RECOMMENDATION AND NOW MUST COORDINATE WITH OTHER DONORS, PARTICULARLY CANADA, AND WITHIN THE USG. IN THE MEANTIME, RECOGNIZING THE IMPORTANT PSYCHOLOGICAL ASPECTS OF THE SITUATION, WE ARE AGREEABLE TO A BDG UNILATERAL ANNOUNCEMENT TO BE MADE IN DACCA ON AN CONFIDENTIAL

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ADDITIONAL ALLOCATION. WE WILL INFORM THE BD EMBASSY THAT WE HAVE NO OBJECTION IN PRINCIPLE TO AN ANNOUNCEMENT THAT THE USG IS PREPARED TO ENTER INTO EARLY NEGOTIATION FOR ADDITIONAL TITLE I FOODGRAIN SUPPLIES. SPECIFIC LANGUAGE SHOULD BE WORKED OUT BETWEEN EMBASSY DACCA AND APPROPRIATE BDG OFFICIALS. WE SUGGEST YOU TRY TO SECURE AGREEMENT ON THE FOLLOWING LANGUAGE: QUOTE THE SECOND 100,000 MT OF US FOODGRAIN UNDER PL 480 TITLE I AGREED UPON APRIL 1, WILL ARRIVE IN JULY AND BRING THE TOTAL TITLE I ARRIVALS IN THAT MONTH TO 150,000 TONS. IN ADDITION, WE ANTICIPATE ENTERING INTO EARLY NEGOTIATIONS WITH THE US GOVERNMENT FOR ADDITIONAL TITLE I FOODGRAIN UNQUOTE.

5. WE RECOGNIZE THAT THIS LANGUAGE IS NOT AS FORTHCOMING AS THE BDG WILL WISH BUT IT IS AS FAR AS WE ARE PREPARED TO GO. WE WANT THIS MATTER HANDLED IN DACCA IN ORDER TO UNDERLINE OUR INTENTION TO KEEP THE BILATERAL DIALOGUE THERE.

6. REGARDING THE REQUEST FOR VEGOIL, COUNTRY DIRECTOR
LANDE SAID OUR FIGURES ON STOCK AND OFFTAKE LEVELS DO NOT
AGREE WITH THE BDG'S, BUT THAT WE ARE WAITING FOR EMBASSY
DACCA REPORT ON THE SITUATION. UNTIL WE HAVE A BETTER
READING OF THE SITUATION, WE CAN TAKE NO ACTION. OUR
INITIAL REACTION, HOWEVER, IS THAT THERE IS NO IMMEDIATE
NEED FOR VEGOIL. COMMENT: WE WOULD APPRECIATE YOUR FILL-
ING US IN ON THE VEGOIL SITUATION ASAP. RE-
GARDING THE TITLE II REQUEST, ATHERTON NOTED THAT THE
REQUESTED AMOUNT WOULD DOUBLE THE CURRENT PROGRAM. THIS
COULD CAUSE REAL PROBLEMS FOR THE CONCERNED AGENCIES, THE
RELIEF MINISTRY AND CARE, AS THEY HAVE ONLY LIMITED RE-
SOURCES. NONETHELESS, WE WILL LOOK CAREFULLY AT THE
ADDITIONAL REQUEST, WHICH WE UNDERSTAND HAS JUST BEEN SUB-
MITTED TO EMBASSY DACCA. COMMENT: WE WOULD APPRECIATE
YOUR THOUGHTS ON A TITLE II INCREASE.

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7. ATHERTON CLOSED MEETING BY NOTING RECENT STANCE OF BDG
ON THE PUERTO RICO ISSUE AT NACC MEETING, STATING WE
VERY MUCH APPRECIATE THE RESERVATIONS WHICH THE BDG
ENTERED ON THE TWO PUERTO RICO RESOLUTIONS.

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Message Attributes

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Copy: SINGLE
Sent Date: 15-Apr-1977 12:00:00 am
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Decapton Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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